

CHAPTER XVII.

THE BANKING **SYSTEM** **OP** MEXICO.

Early Banking Establishments — Comprehensive Character of the legislation of 1897 — The System of State Banks of Issue— -The Adoption of the Gold Standard — Difficulties which were Overcome — The Commission of International Exchange — Question of Establishing an Exchange Fund — Importance of Avoiding Injury to Mining Interests — Growth in Banking Business.

* HE recent monetary history of Mexico is of peculiar interest, because the government has not hesitated to adopt, both in banking and in coinage, constructive policies differing in some respects from those of most other nations, but based upon careful study of general economic principles as adapted to the special conditions prevailing in the republic. Mexico was almost without banking and monetary organization prior to the second election of President Diaz in 1884, and it is due largely to his foresight and constructive ability that she has been dowered with both within less than a generation.

Before the revision of the Commercial Code in 1884 there had been no general banking law in Mexico and such banking institutions as did business there represented, not only foreign capital, but foreign management. Prior to 1864 such banking as was carried on was done by large commercial houses having foreign relations and often took the form of hazardous speculation. In 1864 came the first real bank in the form of a branch of the London Bank of Mexico and South America, This institution entered Mexico without authority or special privileges and, while it was subjected to many attacks, it succeeded by the conservatism and sound-